GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

STARRED QUESTION NO:173
ANSWERED ON:29.11.2002
RATING BY STANDARDS AND POOR
RAJO SINGH;SAMUDRALA VENUGOPAL CHARY

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the international organisation Standards and Poor has devalued the Indian currency to the lowestlevel notwithstanding signs of improvement in the first quarter in the Indian economy, rise in exports, rise in agricultural production, growth in GDP and a better growth rate in many other important business sectors;

(b) if so, whether any conspiracy against Indian currency is being apprehended; and

(c) if so, the effective steps taken by the Government to project a better picture of the Indian economy and save it from such conspiracy?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS IN THE MINISTRY OF FINANCE (SHRI JASWANT SINGH)

(a) to (c): A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (c) of the Lok Sabha Starred Question No.173 for 29th November, 2002 regarding Rating by Standards and Poor.

(a) : In September, 2002 one of the international credit rating agencies Standard & Poor`s RatingService (S&P) revised their local currency sovereign credit ratings on India to `BB+` from `BBB-` for the long term and to `B` from `A-3` for the short-termAt the same time, the agency affirmed its double `B` long-term and single -`B` short-term foreign currency sovereign credit ratings.

(b) and (c) Government is confident of the robustness of the economy. S&P`s ratings will not affect the economy or Government of India`s resource mobilization. Government`s view is based on factors which, inter-alia, include declining weighted average cost of market borrowings, better industrial and export performance, higher gross tax receipts, moderate inflation rate and record level of foreign exchange reserves during the period of April-July of the financial year 2002-03. A press release to this effect was issued by the Government on 20th September, 2002.